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Author:
Cotton-textile institute, inc.
Title:
Before the United States Treasury department...
Place:
New York
Date:
1930

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BEFORE THE

United States Treasury Department

BUREAU OF INTERNAL REVENUE.

IN THE MATTER

of

PROPOSED STANDARDIZED DEPRECIATION RATES FOR THE COTTON TEXTILE INDUSTRY.

ANALYSIS OF REPLIES TO DEPRECIATION QUESTIONNAIRE OF THE COTTON-TEXTILE INSTITUTE, INC.

May 12, 1930.

Pandick Press, Inc., 22 Thames St., New York, U. S. A.

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THE COTTON-TEXTILE INSTITUTE, INC.
320 Broadway, New York.

May 12, 1930.

Commissioner of Internal Revenue,
Washington, D. C.

Dear Sir:

In connection with the conference to be held in Washington May 23, 1930 with reference to the Bureau of Internal Revenue's proposed standardized depreciation rates for the cotton textile industry, we submit herewith an analysis of the replies to a questionnaire on depreciation recently sent out by the Institute in preparation for such conference.

The questionnaire was sent to 763 mills, representing approximately 30,000,000 spindles; and replies were received from 255 mills representing 14,525,613 spindles. Inasmuch as the questionnaire was sent to all the cotton textile mills in the country, whether members of the Institute or not, the replies received represent over 33.4% of the mills and over 48.3% of the spindles in the United States. The results shown by our analysis of the replies to the questionnaire are thus, we believe, entirely representative of the industry as a whole.

Yours very truly,

THE COTTON TEXTILE INSTITUTE, INC.

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ANALYSIS OF REPLIES TO DEPRECIATION QUESTIONNAIRE.

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EXHIBIT A.

Replies to Questions 1 and 2.

Question 1. Which of the following methods of depreciation accounting do you use?

(a) straight-line method;
(b) straight-line method varying with volume of product;
(c) sinking-fund method; or
(d) diminishing-balances method.

Replies to Question 1.

Method	*No. of Mills*	*%*	*No. of Spindles*	*%*
(a)	230	90.56	13,207,995	91.05
(b)	16	6.30	757,188	5.22
(c)	1	.39	64,000	.44
(d)	3	1.18	106,968	.74
(a) and (b)	1	.39	36,480	.25
Fixed rate per spindle	2	.79	260,560	1.80
Fixed amount and (a)	1	.39	72,320	.50
Not reporting	1	.....	20,102	.....
Totals	255	100.00	14,525,613	100.00

Question 2. Which of the above methods do you consider the soundest?

Replies to Question 2.

Method	*No. of Mills*	*%*	*No. of Spindles*	*%*
(a)	199	82.23	11,564,279	81.90
(b)	29	11.98	1,886,012	13.36
(c)	4	1.65	169,304	1.20
(d)	8	3.31	378,892	2.68
(a) and (b)	2	.83	120,556	.86
Not reporting	13	.....	406,570	.....
Totals	255	100.00	14,525,613	100.00

EXHIBIT A (*Continued*).

The foregoing data indicate that an overwhelming majority of the mills and spindles (over 90% in each case) employ the straight-line method. 6% of the mills use the straight-line method varying with volume of product. The remaining practice is scattering as to method.

Question 2 is one of opinion. This again strongly favors the straight-line method but the percentage (82%) is lower. Apparently about 10% of the mills and spindles using the straight-line method believe it sounder to modify it according to volume of product but are deterred therefrom by practical considerations. There is much more opinion than usage in favor of the sinking-fund and diminishing-balances methods. Again, practical difficulties are probably the deterrents.

Evidently the straight-line method represents standard practice and the consensus of opinion. Relatively, the remaining replies in both cases represent insignificant minorities.

EXHIBIT B.

Replies to Questions 3 and 4.

Question 3. Which of the following types of depreciation rates do you use?

(a) composite rate on entire plant;

(b) separate rate or rates on buildings and composite rate on all machinery, including power plant;

(c) separate rate or rates on buildings and separate composite rate or rates on power plant and mill machinery, respectively;

(d) separate rate or rates for each kind of depreciable property, *i. e.,* for each separate type of building, machine and equipment; or

(e) individual rate on each building, machine and item of equipment.

Replies to Question 3.

Method	*No. of Mills*	*%*	*No. of Spindles*	*%*
(a)	21	8.24	1,996,917	13.75
(b)	161	63.14	8,157,607	56.16
(c)	45	17.65	2,249,609	15.49
(d)	23	9.02	913,260	6.29
(e)	0	.....	0	.....
(a) and (c)	1	.39	467,340	3.22
(b) and (c)	1	.39	408,000	2.81
Spindle basis	2	.78	260,560	1.79
Fixed amount and (a)	1	.39	72,320	.49
Totals	255	100.00	14,525,613	100.00

EXHIBIT B (*Continued*).

Question 4. Which of the classes of depreciation rates specified in 3 do you consider it preferable to use in a cotton mill?

Replies to Question 4.

	No. of Mills	*%*	*No. of Spindles*	*%*
(a)	5	2.12	382,076	2.80
(b)	108	45.76	6,577,571	48.17
(c)	46	19.49	2,335,937	17.10
(d)	46	19.49	2,372,853	17.38
(e)	16	6.78	1,079,978	7.91
(a) or (b)	2	.85	101,728	.74
(b) or (c)	6	2.54	597,096	4.37
(c) or (d)	1	.43	38,992	.29
(d) or (e)	6	2.54	169,476	1.24
Not reporting	19	.....	869,906	.....
Totals	255	100.00	14,525,613	100.00

63% of the mills and 56% of the spindles use composite rates on all machinery and separate rates on buildings, the latter for the purpose of distinguishing mill construction from frame construction and manufacturing buildings from tenement or village structures. 17% of the mills and 15% of the spindles make a further distinction by using a separate composite rate on power plant machinery.

About 9% and 6% of the mills and spindles, respectively, use separate rates on each different kind of buildings and machinery, but twice as many mills representing nearly three times as many spindles believe this method preferable.

No mills employ separate rates for individual machines but about 7% consider it preferable to do so. These differences in practice and opinion seem to indicate that practical difficulties and complications are influencing some mills to use methods which they believe are theoretically open to improvement.

Combining methods (a), (b) and (c) we find that in respect to general manufacturing machinery 91% of the mills and 94% of the spindles employ composite rates, while 71% and 73% respectively consider it preferable to do so.

EXHIBIT C.

Question 5. Do your depreciation rates include an allowance for obsolescence? If so, to what extent?

Replies to Question 5.

Method	*No. of Mills*	*%*	*No. of Spindles*	*%*
No	185	75.82	10,275,348	73.73
Yes, extent unknown or omitted	44	18.03	2,400,269	17.22
Yes, extent estimated	7	2.87	1,029,548	7.39
Yes, extent stated definitely	8	3.28	231,444	1.66
Not reporting	11	.....	589,004	.....
Totals	255	100.00	14,525,613	100.00

The important feature of the above data is the evidence that, roughly, three-fourths of the mills believe that their depreciation rates make no allowance for obsolescence.

EXHIBIT D.

Replies to Question 6.

Question 6. State the depreciation rates actually used by you for tax purposes on the following classes of depreciable property. (Items listed.)

Replies from Single Shift Mills Using Composite Rate on All Property.

Composite Rate	*% of Spindles*	*Average Rate*	*Range*	*Spindles Reported*
3.6%	18			
3.8	6			
4.	7			
4.25	8			
5.	17			
$.60 per spl. year	11			
$1.27 " " "	12			
Scattering	21			
	100	3.85%	2% to 5%	2,072,428

Replies from Double Shift Mills Using Composite Rate on All Property.

4%	17			
5½	49			
6½	10			
7½	21			
Scattering	3			
	100	5.78%	4% to 7½%	604,665

Rates on Fireproof Buildings—Single Shift.

Rate Used				
1½%	6			
2	38			
2½	38			
3	15			
Scattering	3			
	100	2.33%	1% to 4%	3,164,767

EXHIBIT D (*Continued*).

Rates on Fireproof Buildings—Double Shift.

Rate Used	*% of Spindles*	*Average Rate*	*Range*	*Spindles Reported*
2%	67			
3	29			
Scattering	4			
	100	2.28%	1% to 3%	879,743

Rates on Mill Construction Buildings—Single Shift.

1%-1½%	9			
1½-2	34			
2 -2½	28			
2½-3	26			
Scattering	3			
	100	2.25%	1% to 6%	10,702,054

Rates on Mill Construction Buildings—Double Shift.

2%	38			
2½	17			
3	34			
Scattering	11			
	100	2.67%	1½% to 6%	3,835,819

Rates on Frame Mill Buildings—Single Shift.

2%	7			
2½	24			
3	27			
4	15			
5	26			
Scattering	1			
	100	3.49%	1.6% to 8%	3,692,387

EXHIBIT D (*Continued*).

Rates on Frame Mill Buildings—Double Shift.

Rate Used	% of Spindles	Average Rate	Range	Spindles Reported
3%	29			
4	38			
5	30			
Scattering	3			
	100	4.12%	2½% to 10%	1,747,543

Rates on Brick Tenements—Single Shift.

2%	6			
2½	28			
3	57			
Scattering	9			
	100	2.79%	1½% to 5%	2,630,310

Rates on Brick Tenements—Double Shift.

2%	52			
3	48			
	100	2.48%	2% to 3%	622,032

Rates on Frame Tenements—Single Shift.

2%	5			
2½	9			
3	24			
4	8			
4½	5			
5	46			
Scattering	3			
	100	4.06%	1½% to 10%	9,511,899

EXHIBIT D (*Continued*).

Rates on Frame Tenements—Double Shift.

Rate Used	% of Spindles	Average Rate	Range	Spindles Reported
3%	22			
4	13			
5	56			
Scattering	9			
	100	4.40%	2% to 10%	3,687,559

Composite Rate on Machinery and Power Plant—Single Shift.

Composite Rate				
3½%-4%	7			
4 -4½	13			
4½-5	64			
Scattering	16			
	100	4.65%	2½% to 10%	7,788,398

Composite Rate on Machinery and Power Plant—Double Shift.

4½%-5%	13			
5½ -6	5			
6½ -7	8			
7 -7½	55			
9½ -10	13			
Scattering	6			
	100	7.11%	3% to 20%	2,084,178

Composite Rate on Power Plant Only—Single Shift.

4%	14			
5	38			
6	7			
7	9			
7½	14			
10	12			
Scattering	6			
	100	6.07%	1% to 10%	2,981,590

EXHIBIT D (*Continued*).

Composite Rate on Power Plant Only—Double Shift.

Composite Rate	% of Spindles	Average Rate	Range	Spindles Reported
5%	10			
7½	6			
10	36			
12	18			
14	27			
Scattering	3			
	100	10.68%	5% to 14%	932,710

Composite Rate on Power Plant Only—24-Hour Operation.

10%	84			
16	12			
Scattering	4			
	100	10.37%	1% to 16%	493,436

Composite Rate on Manufacturing Machinery Only—Single Shift.

3½% to 4%	11			
4 to 4½	14			
4½ to 5	56			
6	13			
Scattering	6			
	100	4.81%	2½% to 10%	3,588,792

Composite Rate on Manufacturing Machinery Only—Double Shift.

5%	21			
7½	22			
10	17			
12	31			
Scattering	9			
	100	8.67%	3% to 14%	1,338,086

EXHIBIT D (*Continued*).

Composite Rate on Manufacturing Machinery Only—24-Hour Operation.

Composite Rate	% of Spindles	Average Rate	Range	Spindles Reported
5%	6			
7½	8			
10	75			
16	8			
Scattering	3			
	100	9.90%	5% to 16%	726,960

Replies of Mills Using Separate Rates on Various Machines—Single Shift.

Machinery	Average Rate Used	Range	Spindles Reported
Boilers & Accessories	5.94%	4 % to 10%	478,396
Steam Engines	5.17	5 to 6	229,628
Electrical Equipment	7.28	4 to 10	469,324
Transmission	5.75	2 to 10	312,396
Moistening Equipment	6.48	3 to 10	383,108
Belting	12.61	4 to 25	250,688
Heating Plant	5.55	3 to 10	469,324
Opening Machinery	5.52	4 to 8½	367,180
Picking Machinery	5.52	4 to 8½	367,180
Cards	5.52	4 to 8½	367,180
Combers	5.00	5	86,748
Drawing Frames	5.52	4 to 8½	367,180
Slubbers	5.52	4 to 8½	367,180
Intermediates	5.35	4 to 7½	347,180
Speeders	5.54	4 to 8½	350,180
Jack Frames	5.00	5	126,412
Spinning Frames	5.52	4 to 8½	367,180
Winding Machinery	5.64	5 to 8½	325,840
Spoolers	5.89	4 to 10	372,680
Warpers	5.83	4 to 10	397,680
Slashers	5.69	4 to 10	377,680
Cotton Looms	5.83	4 to 10	397,680
Rayon or Silk Looms	5.14	5 to 7	79,236
Drawing & Tying Machines	5.79	5 to 10	359,600
Dry Finishing Machinery	7.50	7.5	77,676
Wet Finishing Machinery	7.30	3 to 8½	106,748
Dyeing Machinery	7.35	5 to 10	131,748

EXHIBIT D (*Continued*).

Replies of Mills Using Separate Rates on Various Machines—Double Shift.

Machinery	*Average Rate Used*	*Range*	*Spindles Reported*
Boilers & Accessories	7.89%	7½% to 10%	57,808
Steam Engines	7.50	7½	48,736
Electrical Equipment	8.00	8	48,736
Transmission	5.00	5	48,736
Moistening Equipment	7.50	7½	48,736
Heating Plant	7.50	7½	48,736
Opening Machinery	7.89	7½ to 10	57,808
Picking Machinery	7.89	7½ to 10	57,808
Cards	7.89	7½ to 10	57,808
Combers	10.00	10	9,072
Drawing Frames	7.89	7½ to 10	57,808
Slubbers	7.89	7½ to 10	57,808
Intermediates	7.89	7½ to 10	57,808
Speeders	7.89	7½ to 10	57,808
Jack Frames	7.50	7½	48,736
Spinning Frames	7.89	7½ to 10	57,808
Winding Machinery	8.16	7½ to 14	54,236
Spoolers	8.42	7½ to 14	63,308
Warpers	8.42	7½ to 14	63,308
Slashers	8.42	7½ to 14	63,308
Cotton Looms	8.42	7½ to 14	63,308
Rayon or Silk Looms	8.16	7½ to 14	54,236
Drawing & Tying Machines	7.75	7½ to 10	54,236
Wet Finishing Machinery	6.00	6	9,072
Dyeing Machinery	20.00	20	9,072

Comparison of Rates Used in Northern and Southern Mills.

Kind of Property	*No. of Shifts*	*Average Rate per Mill North*	*South*
Composite Rate All Property	Single	4.00%	4.03%
" " " "	Double	.....	6.03
Fireproof Buildings	Single	1.97	2.49
" "	Double	1.67	2.45
Mill Construction Buildings	Single	1.88	2.38
" " "	Double	2.60	2.77
Frame Mill Buildings	Single	2.79	4.03
" " "	Double	.....	4.59

EXHIBIT D (*Continued*).

Kind of Property	*No. of Shifts*	*Average Rate per Mill North*	*South*
Brick Tenements	Single	2.75	2.98
" "	Double	.....	2.50
Frame Tenements	Single	3.03	4.52
" "	Double	.....	4.68
Composite Rate on Machinery & Power Plant	Single	4.55	4.74
" " " " " " "	Double	5.42	7.90
" " " " " " "	24 hrs.	.....	7.40
Composite Rate on Power Plant Only	Single	6.00	6.33
" " " " " "	Double	.....	9.31
" " " " " "	24 hrs.	.....	8.67
Composite Rate on Mfg. Machinery Only	Single	4.83	4.77
" " " " " "	Double	9.00	7.27
" " " " " "	24 hrs.	.....	8.75

Comparison of Rates Used in Carded and Combed Mills.

Composite Rate All Property	Single	3.94%	4.05%
" " " "	Double	5.54	7.50
Fireproof Buildings	Single	2.48	1.80
" "	Double	2.50	1.75
Mill Construction Buildings	Single	2.40	1.93
" " "	Double	2.84	2.47
Frame Mill Buildings	Single	3.94	3.50
" " "	Double	4.46	5.56
Brick Tenements	Single	2.87	2.87
" "	Double	2.57	.....
Frame Tenements	Single	4.39	3.71
" "	Double	4.71	4.59
Composite Rate on Machinery & Power Plant	Single	4.78	4.25
" " " " " " "	Double	7.95	6.86
" " " " " " "	24 hrs.	7.35	.....
Composite Rate on Power Plant Only	Single	6.16	8.00
" " " " " "	Double	9.93	6.67
" " " " " "	24 hrs.	8.40	.....
Composite Rate on Mfg. Machinery Only	Single	4.85	4.86
" " " " " "	Double	7.52	7.29
" " " " " "	24 hrs.	9.44	7.50

EXHIBIT D (*Continued*).

Comparison of Rates Used in Mills Using Low, Average and High Grade Cotton.

Kind of Property	*No. of Shifts*	*Average Rate per Mill — Low Grade Cotton*	*Average Grade Cotton*	*High Grade Cotton*
Composite Rate All Property	Single	5.50%	4.01%	3.88%
" " " "	Double	.....	6.03	.....
Fireproof Buildings	Single	2.11	2.41	1.75
" "	Double	.....	2.56	1.67
Mill Construction Buildings	Single	2.20	2.34	1.96
" " "	Double	3.50	2.79	2.59
Frame Mill Buildings	Single	3.30	3.91	4.17
" " "	Double	.....	4.80	4.50
Brick Tenements	Single	2.50	2.92	2.87
" "	Double	.....	2.50	2.50
Frame Tenements	Single	4.61	4.25	3.88
" "	Double	.....	4.69	4.38
Composite Rate on Machinery & Power Plant	Single	4.44	4.79	4.53
Composite Rate on Machinery & Power Plant	Double	.....	8.06	5.89
Composite Rate on Machinery & Power Plant	24 hrs.	.....	7.36	.....
Composite Rate on Power Plant Only	Single	5.50	6.33	.....
" " " " " "	Double	.....	9.39	.....
" " " " " "	24 hrs.	.....	8.67	.....
Composite Rate on Mfg. Machinery Only	Single	4.00	4.99	4.75
Composite Rate on Mfg. Machinery Only	Double	7.50	7.40	6.33
Composite Rate on Mfg. Machinery Only	24 hrs.	.....	9.50	6.88

EXHIBIT D (*Continued*).

Comparison of Rates Used According to Accounting Treatment of Repair Parts, etc.

Kind of Property	*No. of Shifts*	*A*	*B*	*C*
Composite Rate All Property	Single	3.61%	3.87%	4.20%
" " " "	Double	5.50	6.25	6.69
Fireproof Buildings	Single	2.15	2.57	2.83
" "	Double	2.13	2.00	2.83
Mill Construction Buildings	Single	2.30	2.26	2.08
" " "	Double	2.91	2.59	2.78
Frame Mill Buildings	Single	3.87	4.19	3.66
" " "	Double	5.18	4.11	4.56
Brick Tenements	Single	3.20	2.62	2.50
" "	Double	2.67	2.25	.....
Frame Tenements	Single	4.20	4.49	4.14
" "	Double	4.75	4.59	4.71
Composite Rate on Machinery & Power Plant	Single	4.59	4.75	4.90
Composite Rate on Machinery & Power Plant	Double	8.51	6.52	7.82
Composite Rate on Machinery & Power Plant	24 hrs.	7.77	6.50	7.12
Composite Rate on Power Plant Only	Single	6.61	5.71	6.60
" " " " " "	Double	9.80	5.50	9.83
" " " " " "	24 hrs.	8.40	.....	.....
Composite Rate on Mfg. Machinery Only	Single	5.12	4.45	4.64
Composite Rate on Mfg. Machinery Only	Double	7.90	6.12	8.17
Composite Rate on Mfg. Machinery Only	24 hrs.	9.25	10.00	7.83

A—All items charged to Operating Expense.

B—Heavy or long-lived items such as re-roofing, re-flooring, etc., charged to Reserve or Capital Account, the remainder to Operating Expense.

C—Miscellaneous Procedures.

EXHIBIT D (*Continued*).

Comparison of Rates Used in Northern Mills as Between Carded and Combed.

Kind of Property	*No. of Shifts*	*Average Rate per Northern Mill Carded Mills*	*Combed Mills*
Composite Rate All Property	Single	4.06%	3.67%
Fireproof Buildings	Single	2.43	1.80
Mill Construction Buildings	Single	1.91	1.86
Frame Mill Buildings	Single	2.74	3.00
Brick Tenements	Single	2.73	2.83
Frame Tenements	Single	3.10	2.96
Composite Rate on Machinery & Power Plant	Single	4.78	4.38
Composite Rate on Mfg. Machinery Only	Single	4.65	4.93

Comparison of Rates Used in Southern Mills as Between Carded and Combed.

Kind of Property	*No. of Shifts*	*Average Rate per Southern Mill Carded Mills*	*Combed Mills*
Composite Rate All Property	Single	4.01%	4.18%
Mill Construction Buildings	Single	2.37	2.02
" " "	Double	2.83	2.36
Frame Mill Buildings	Single	4.09	4.50
" " "	Double	4.46	5.00
Frame Tenements	Single	4.50	4.73
" "	Double	4.67	4.72
Composite Rate on Machinery & Power Plant	Single	4.74	4.67
" " " " " "	Double	7.87	7.58
Composite Rate on Mfg. Machinery Only	Single	4.77	4.75
" " " " " "	Double	7.52	6.00
" " " " " "	24 hours	9.44	7.50

EXHIBIT D (*Continued*).

Comparison of Rates Used in Northern Mills Using Average and High Grade Cotton.

Kind of Property	*No. of Shifts*	*Average Rate per Mill Average Grade Cotton*	*High Grade Cotton*
Composite Rate All Property	Single	3.70	.....
Fireproof Buildings	Single	2.61	1.75
Mill Construction Buildings	Single	1.98	1.69
Frame Mill Buildings	Single	2.96	2.50
Brick Tenements	Single	2.94	2.83
Frame Tenements	Single	3.19	2.95
Composite Rate on Machinery & Power Plant	Single	4.62	4.46
Composite Rate on Power Plant Only	Single	5.22	.....
Composite Rate on Mfg. Machinery Only	Single	5.02	4.75

(Note:—Where items have been omitted above, the omission is caused by lack of enough replies to provide a fair average. Very few Northern mills use low grade cotton, hence the comparison has been confined to average and high grades.)

Comparison of Rates Used in Southern Mills Using Low Grade and Average Grade Cotton.

Kind of Property	*No. of Shifts*	*Average Rate per Mill Low Grade Cotton*	*Average Grade Cotton*
Composite Rate All Property	Single	4.50	4.06
Fireproof Buildings	Single	2.16	2.23
Mill Construction Buildings	Single	2.38	2.40
Frame Tenements	Single	5.04	4.44
Composite Rate on Machinery & Power Plant	Single	4.60	4.76
Composite Rate on Power Plant Only	Single	5.62	6.29
Composite Rate on Mfg. Machinery Only	Single	4.25	4.81

EXHIBIT E.

Replies to Question 7.

Question 7. Have the above rates been used by you for Federal Income Tax purposes for each of the years 1925 to 1929, inclusive?
Have the above rates been accepted by the Treasury Department?

Replies to Part 1.

	No. of Mills	%	*No. of Spindles*	%
Yes	215	85.32	12,698,951	88.03
Yes, for a portion of period	11	4.36	707,480	4.90
No	26	10.32	1,019,168	7.07
Not Reporting	3	.....	100,014	.....
Totals	255	100.00	14,525,613	100.00

Replies to Part 2.

	No. of Mills	%	*No. of Spindles*	%
Yes	194	76.98	11,342,620	78.42
Yes, thru 1926	4	1.59	65,596	.45
Yes, thru 1927	23	9.13	1,304,984	9.02
Yes, thru 1928	9	3.57	764,544	5.29
No	22	8.73	987,023	6.82
Not reporting	3	....	60,846	....
Totals	255	100.00	14,525,613	100.00

It appears that in 85% of the cases included above the rates indicated previously have been consistently used for five years and in 90% they have been in use at least a portion of the five-year period.

The experience of 77% of the mills has been that these rates were accepted by the Treasury Department during the entire period. They were accepted during at least some part of the five-year period in 91% of the cases.

EXHIBIT F.

Replies to Question 8.

Question 8. How in general do you charge supplies and repairs?

(a) direct to operating expense;
(b) to depreciation reserve;
(c) to a maintenance reserve; or
(d) to capital account (with or without including such charges in the depreciation base).

Replies to Question 8.

	No. of Mills	%	*No. of Spindles*	%
a	225	89.29	12,131,195	83.89
a & b	6	2.38	975,656	6.75
a & d	5	1.98	275,240	1.90
a, b & d	1	.40	11,500	.08
a—small items; b—large or long-life items	15	5.95	1,067,016	7.38
Not Reporting	3	....	65,006	....
Totals	255	100.00	14,525,613	100.00

EXHIBIT G.

Replies to Question 9.

Question 9. How do you charge expenditures for replacement of the following items of machinery, parts and mill equipment? (Various items listed.)

Replies to Question 9.

Covering Mills Under Question 7, Part 2—Replying "Yes"
(Approved by Treasury Department)

	No. of Mills	*%*	*No. of Spindles*	*%*
All items to Operating Expense	91	47.64	5,599,233	49.87
All items to Reserves or Capital Account	1	.52	11,520	.10
Re-Roofing, Re-Flooring or Painting Buildings to Reserves or Capital Account—all other items to Operating Expense	48	25.13	2,757,049	24.55
Some items to Reserves or Capital Account—some items to Operating Expense	45	23.56	2,650,922	23.61
Large or Major items to Reserves or Capital Account—other items to Operating Expense	6	3.15	209,596	1.87
Not Reporting	3	....	114,300	....
Totals	194	100.00	11,342,620	100.00

EXHIBIT G (*Continued*).

Replies to Question 9.

Covering Mills Under Question 7, Part 2—Replying "No" or "Thru 1926-7-8"

	No. of Mills	*%*	*No. of Spindles*	*%*
All items to Operating Expense	32	55.17	1,551,961	50.34
All items to Reserves or Capital Account	1	1.72	64,000	2.08
Re-Roofing, Re-Flooring or Painting Buildings to Reserves or Capital Account—all other items to Operating Expense	11	18.97	1,069,412	34.69
Some items to Reserves or Capital Account—some items to Operating Expense	12	20.69	359,646	11.66
Large or Major items to Reserves or Capital Account—other items to Operating Expense	2	3.45	37,960	1.23
Not Reporting	3	....	100,014	....
Totals	61	100.00	3,182,993	100.00

EXHIBIT G (*Continued*).

Further Details of Replies to Question 9.

(Note:—242 mills replied to Question 9)

Items	*No. of Mills Charging These Items to Reserves or Capital Account*	*% of 242 Mills*
Card Clothing	30	12.40
Spindles	34	14.05
Spinning Rings	23	9.50
Rolls	14	5.78
Castings	4	1.65
Flyers	15	6.20
Reeds	5	2.07
Harness	5	2.07
Shuttles	3	1.24
Skewers	4	1.65
Gears	4	1.65
Belting	9	3.72
Spools	11	4.54
Bobbins	13	5.37
Quills	4	1.65
Beams	19	7.85
Roving Cans	19	7.85
Painting Buildings	29	11.98
Re-Flooring	73	30.16
Re-Roofing	97	40.08

Question 9 (additional) *Do you accrue depreciation on the items, if any, charged to Capital Account?*

73 mills reply "Yes" (72%)
29 mills reply "No" (28%)

102—Total replies

EXHIBIT H.

Replies to Question 10.

Question 10. Give your best estimate based on your experience of the average useful life of the following classes of depreciable property, insofar as used in your mill, assuming *single-shift operation,* adequate maintenance expenditures, and the charging to operating expense of the items specified under Question 9 above and analogous items. (Property items listed.)

Replies to Question 10.

Kind of Property	*No. of Replies*	*Average Estimated Useful Life*	*Rate as per Estimated Life*
Fireproof Buildings	51	50 yrs.	2.0%
Mill Construction Buildings	172	43	2.3
Frame Mill Buildings	101	26	3.8
Brick Tenements	57	36	2.8
Frame Tenements	146	26	3.8
Boilers & Accessories	151	19	5.3
Steam Engines	118	21	4.8
Electrical Equipment	150	18	5.6
Transmission Equipment	131	21	4.8
Belting	124	11	9.1
Heating Plant	139	19	5.3
Moistening Equipment	151	16	6.3
Opening Machinery	167	21	4.8
Picking "	167	21	4.8
Carding "	166	22	4.5
Combing "	88	21	4.8
Drawing Machinery	165	22	4.5
Slubbers	165	22	4.5
Intermediates	163	22	4.5
Speeders	163	22	4.5
Jack Frames	98	23	4.3
Spinning Frames	168	22	4.5
Winding Machinery	143	20	5.0
Spoolers	161	22	4.5
Warpers	158	21	4.8
Slashers	123	22	4.5
Drawing-In & Tying Machines	107	20	5.0
Cotton Looms	132	21	4.8
Rayon & Silk Looms	48	20	5.0
Dry Finishing Machinery	46	19	5.3
Wet " "	38	17	5.9
Dyeing Machinery	52	15	6.7

EXHIBIT H (*Continued*).

Further Details of Replies.

Fireproof Buildings: (Av'ge 50 yrs.)	47%	of replies estimate 50 years
	18%	" " " 40 "
	10%	" " " 75 "
	25%	Scattering (20-100)
Mill Construction Buildings: (Av'ge 43 yrs.)	30%	of replies estimate 50 years
	23%	" " " 40 "
	13%	" " " 33 "
	34%	Scattering (10-100)
Frame Mill Buildings: (Av'ge 26 yrs.)	38%	of replies estimate 20 years
	27%	" " " 25 "
	12%	" " " 33 "
	23%	Scattering (10-60)
Brick Tenements: (Av'ge 36 yrs.)	25%	of replies estimate 40 years
	23%	" " " 33 "
	14%	" " " 30 "
	11%	" " " 25 "
	27%	Scattering (10-75)
Frame Tenements: (Av'ge 26 yrs.)	37%	of replies estimate 20 years
	28%	" " " 25 "
	35%	Scattering (5-100)
Boilers and Accessories: (Av'ge 19 yrs.)	52%	of replies estimate 20 years
	13%	" " " 15 "
	9%	" " " 25 "
	26%	Scattering (5-35)
Steam Engines: (Av'ge 21 yrs.)	45%	of replies estimate 20 years
	19%	" " " 25 "
	8%	" " " 15 "
	28%	Scattering (10-30)
Electrical Equipment: (Av'ge 18 yrs.)	35%	of replies estimate 20 years
	23%	" " " 15 "
	17%	" " " 10 "
	10%	" " " 25 "
	15%	Scattering (10-40)
Transmission Equipment: (Av'ge 21 yrs.)	40%	of replies estimate 20 years
	15%	" " " 15 "
	10%	" " " 10 "
	10%	" " " 25 "
	9%	" " " 30 "
	16%	Scattering (8-50)

EXHIBIT H (*Continued*).

Further Details of Replies—(Continued).

Belting: (Av'ge 11 yrs.)	21%	of replies estimate 10 years
	19%	" " " 5 "
	18%	" " " 20 "
	10%	" " " 15 "
	32%	Scattering (2-27)
Heating Plant: (Av'ge 19 yrs.)	48%	of replies estimate 20 years
	16%	" " " 15 "
	10%	" " " 10 "
	26%	Scattering (5-40)
Moistening Equipment: (Av'ge 16 yrs.)	33%	of replies estimate 20 years
	24%	" " " 10 "
	20%	" " " 15 "
	23%	Scattering (5-40)
Opening Machinery: (Av'ge 21 yrs.)	46%	of replies estimate 20 years
	14%	" " " 25 "
	13%	" " " 15 "
	27%	Scattering (2-40)
Picking Machinery: (Av'ge 21 yrs.)	46%	of replies estimate 20 years
	15%	" " " 25 "
	13%	" " " 15 "
	26%	Scattering (2-40)
Carding Machinery: (Av'ge 22 yrs.)	45%	of replies estimate 20 years
	18%	" " " 25 "
	10%	" " " 30 "
	27%	Scattering (5-45)
Combing Machinery: (Av'ge 21 yrs.)	50%	of replies estimate 20 years
	15%	" " " 15 "
	14%	" " " 25 "
	21%	Scattering (10-40)
Drawing Machinery: (Av'ge 22 yrs.)	46%	of replies estimate 20 years
	18%	" " " 25 "
	10%	" " " 30 "
	26%	Scattering (5-40)
Slubbers: (Av'ge 22 yrs.)	49%	of replies estimate 20 years
	16%	" " " 25 "
	10%	" " " 30 "
	25%	Scattering (5-50)
Intermediates: (Av'ge 22 yrs.)	48%	of replies estimate 20 years
	17%	" " " 25 "
	10%	" " " 30 "
	25%	Scattering (5-50)

EXHIBIT H (*Continued*).

Further Details of Replies—(*Continued*).

Speeders: (Av'ge 22 yrs.)	47%	of replies estimate 20 years
	17%	" " " 25 "
	10%	" " " 30 "
	26%	Scattering (5-50)
Jack Frames: (Av'ge 23 yrs.)	50%	of replies estimate 20 years
	20%	" " " 25 "
	12%	" " " 30 "
	18%	Scattering (13-40)
Spinning Frames: (Av'ge 22 yrs.)	50%	of replies estimate 20 years
	19%	" " " 25 "
	10%	" " " 30 "
	21%	Scattering (5-40)
Winding Machinery: (Av'ge 20 yrs.)	43%	of replies estimate 20 years
	17%	" " " 25 "
	13%	" " " 15 "
	27%	Scattering (10-40)
Spoolers: (Av'ge 22 yrs.)	43%	of replies estimate 20 years
	19%	" " " 25 "
	38%	Scattering
Warpers: (Av'ge 21 yrs.)	46%	of replies estimate 20 years
	16%	" " " 25 "
	38%	Scattering
Slashers: (Av'ge 22 yrs.)	46%	of replies estimate 20 years
	12%	" " " 25 "
	11%	" " " 30 "
	31%	Scattering
Drawing-In and Tying Machines: (Av'ge 20 yrs.)	41%	of replies estimate 20 years
	18%	" " " 15 "
	12%	" " " 25 "
	29%	Scattering
Cotton Looms: (Av'ge 21 yrs.)	45%	of replies estimate 20 years
	15%	" " " 15 "
	11%	" " " 25 "
	29%	Scattering
Rayon and Silk Looms (Av'ge 20 yrs.)	46%	of replies estimate 20 years
	21%	" " " 15 "
	17%	" " " 25 "
	16%	Scattering

EXHIBIT H (*Continued*).

Further Details of Replies—(*Continued*).

Dry Finishing Machinery: (Av'ge 19 yrs.)	35%	of replies estimate 20 years
	20%	" " " 15 "
	9%	" " " 10 "
	9%	" " " 25 "
	9%	" " " 30 "
	18%	Scattering
Wet Finishing Machinery: (Av'ge 17 yrs.)	26%	of replies estimate 20 years
	24%	" " " 10 "
	13%	" " " 15 "
	8%	" " " 30 "
	29%	Scattering
Dyeing Machinery: (Av'ge 15 yrs.)	31%	of replies estimate 10 years
	23%	" " " 20 "
	21%	" " " 15 "
	25%	Scattering

Comparison of Northern and Southern Replies to Question 10.

(Note:—In order to simplify the exhibit only characteristic types of property are indicated.)

Kind of Property	*Average Estimate of Useful Life North*	*South*
Mill Construction Buildings	51 yrs.	41 yrs.
Frame Mill Buildings	32	25
Frame Tenements	33	24
Opening Machinery	22	20
Picking Machinery	22	21
Carding Machinery	24	22
Spinning Machinery	23	22
Cotton Looms	23	21

Comparison of Replies to Question 10 as Between Carded and Combed Mills.

(Note:—There is no reason why this distinction should affect the life of buildings, hence only machinery life is here compared.)

Kind of Property	*Average Estimate of Useful Life Carded*	*Combed*
Opening Machinery	20 yrs.	22 yrs.
Picking Machinery	20	22
Carding Machinery	22	24
Spinning Frames	22	23
Cotton Looms	21	23

EXHIBIT H (*Continued*).

Replies to Question 10 Compared on Basis of Cotton Used.

Kind of Property	*Average Estimated Useful Life* — *Low Grade Cotton*	*Average Grade Cotton*	*High Grade Cotton*
Opening Machinery	23 yrs.	20 yrs.	23 yrs.
Picking Machinery	23	20	23
Carding Machinery	24	22	24
Spinning Frames	25	22	23
Cotton Looms	23	21	23

In the belief that the above results are affected by the fact that most of the mills using low grade cotton are in the South, the replies have been re-tabulated below, with Northern mills separated from Southern mills.

NORTHERN MILLS.

Kind of Property	*Average Estimated Useful Life* — *Low Grade Cotton*	*Average Grade Cotton*	*High Grade Cotton*
Opening Machinery	....	21 yrs.	23 yrs.
Picking Machinery	....	21	23
Carding Machinery	....	23	24
Spinning Frames	....	22	23
Cotton Looms	....	23	23

SOUTHERN MILLS.

Opening Machinery	23 yrs.	20 yrs.	23 yrs.
Picking Machinery	23	20	23
Carding Machinery	24	22	23
Spinning Machinery	24	22	24
Cotton Looms	23	20	24

EXHIBIT I.

Replies to Question 11.

Question 11. Give your best estimate based on your experience of the average useful life of each of the above classes of depreciable property (insofar as used in your mill), assuming *multiple-shift operation,* adequate maintenance expenditures and the charging to operating expense of the items specified under question 9 above and analogous items. (Property items listed.)

Replies for Double Shift Operation.

Kind of Property	*No. of Replies*	*Average Estimated Useful Life*	*Rate as per Estimated Life*
Fireproof Buildings	40	43 yrs.	2.3%
Mill Construction Buildings	110	38	2.6
Frame Mill Buildings	57	22	4.5
Brick Tenements	35	29	3.4
Frame Tenements	85	23	4.3
Boilers & Accessories	62	15	6.7
Steam Engines	50	15	6.7
Electrical Equipment	66	14	7.1
Transmission Equipment	59	15	6.7
Belting	55	8	12.5
Heating Plant	64	16	6.3
Moistening Equipment	67	13	7.7
Opening Machinery	71	15	6.7
Picking "	71	15	6.7
Carding "	70	15	6.7
Combing "	37	15	6.7
Drawing "	72	15	6.7
Slubbers	70	15	6.7
Intermediates	71	15	6.7
Speeders	70	15	6.7
Jack Frames	45	16	6.3
Spinning Frames	71	15	6.7
Winding Machinery	67	15	6.7
Spoolers	72	15	6.7
Warpers	71	14	7.1
Slashers	57	15	6.7
Drawing-In & Tying Machines	51	14	7.1
Cotton Looms	54	15	6.7
Rayon and Silk Looms	24	15	6.7

EXHIBIT I *(Continued)*.

Replies for Double Shift Operation—(Continued).

Kind of Property	*No. of Replies*	*Average Estimated Useful Life*	*Rate as per Estimated Life*
Dry Finishing Machinery	22	14	7.1
Wet " "	21	11	9.1
Dyeing Machinery	25	11	9.1

(Note:—No further details of the replies pertaining to double shift operation have been shown because any useful purpose which might be served thereby has already been provided for by the details shown in connection wtih the single-shift replies. Nearly all the double-shift mills are in the South, hence there is also no utility derivable from a North and South comparison. These comments apply equally to double-shift and 24-hour mills.)

Replies for 24-Hour Operation.

Kind of Property	*No. of Replies*	*Average Estimated Useful Life*	*Rate as per Estimated Life*
Fireproof Buildings	(Not distinguished from double-shift)		
Mill Construction Buildings	"	"	"
Frame Mill Buildings	"	"	"
Brick Tenements	"	"	"
Frame Tenements	"	"	"
Boilers and Accessories	37	13 yrs.	7.7%
Steam Engines	28	13	7.7
Electrical Equipment	40	12	8.3
Transmission Equipment	35	12	8.3
Belting	33	6	16.7
Heating Plant	36	15	6.7
Moistening Equipment	38	11	9.1
Opening Machinery	40	13	7.7
Picking "	40	13	7.7
Carding "	40	15	6.7
Combing "	15	12	8.3
Drawing "	38	15	6.7
Slubbers	37	15	6.7
Intermediates	37	15	6.7
Speeders	37	15	6.7
Jack Frames	25	15	6.7
Spinning Frames	37	15	6.7
Winding Machinery	31	12	8.3
Spoolers	36	12	8.3
Warpers	33	13	7.7
Slashers	20	14	7.1
Drawing-In and Tying Machines	16	11	9.1

EXHIBIT I *(Continued)*.

Replies for 24-Hour Operation—(Continued).

Kind of Property	*No. of Replies*	*Average Estimated Useful Life*	*Rate as per Estimated Life*
Cotton Looms	29	13	7.7
Rayon and Silk Looms	11	11	9.1
Dry Finishing Machinery	9	9	11.1
Wet Finishing Machinery	8	8	12.5
Dyeing Machinery	13	8	12.5

Comparison of Life Estimates and Corresponding Depreciation Rates on Single Shift, Double Shift, and 24-Hour Operation.

Kind of Property	*Estimated Useful Life*			*Corresponding Depreciation Rate*		
	Single	*Double*	*24-Hr.*	*Single*	*Double*	*24-Hr.*
Fireproof Bldgs.	50 yrs.	43 yrs.	....	2.0%	2.3%	....
Mill Constr. Bldgs.	43	38	....	2.3	2.6	....
Frame Mill Bldgs.	26	22	....	3.8	4.5	....
Brick Tenements	36	29	....	2.8	3.4	....
Frame Tenements	26	23	....	3.8	4.3	....
Boilers & Access.	19	15	13 yrs.	5.3	6.7	7.7%
Steam Engines	21	15	13	4.8	6.7	7.7
Electrical Equip.	18	14	12	5.6	7.1	8.3
Transmission Equip.	21	15	12	4.8	6.7	8.3
Belting	11	8	6	9.1	12.5	16.7
Heating Plant	19	16	15	5.3	6.3	6.7
Moistening Equip.	16	13	11	6.3	7.7	9.1
Opening Mach'y	21	15	13	4.8	6.7	7.7
Picking "	21	15	13	4.8	6.7	7.7
Carding "	22	15	15	4.5	6.7	6.7
Combing "	21	15	12	4.8	6.7	6.7
Drawing "	22	15	15	4.5	6.7	6.7
Slubbers	22	15	15	4.5	6.7	6.7
Intermediates	22	15	15	4.5	6.7	6.7
Speeders	22	15	15	4.5	6.7	6.7
Jack Frames	23	16	15	4.3	6.3	6.7
Spinning Frames	22	15	15	4.5	6.7	6.7
Winding Mach'y	20	15	12	5.0	6.7	8.3
Spoolers	22	15	12	4.5	6.7	8.3
Warpers	21	14	13	4.8	7.1	7.7
Slashers	22	15	14	4.5	6.7	7.1
Dr'g-In & Tying Machs.	20	14	11	5.0	7.1	9.1
Cotton Looms	21	15	13	4.8	6.7	7.7
Rayon & Silk Looms	20	15	11	5.0	6.7	9.1
Dry Finishing Mach'y	19	14	9	5.3	7.1	11.1
Wet Finishing Mach'y	17	11	8	5.9	9.1	12.5
Dyeing Mach'y	15	11	8	6.7	9.1	12.5

EXHIBIT J.

Replies to Question 12.

Question 12. State the investment of your Company as shown by your books in each of the following classes of property (If you do not have separate investment accounts for power plant and machinery, enter total for both opposite "machinery". If your investment accounts are subdivided as between classes of machinery, give amount of each class):

Buildings	$.....
Tenements	.....
Power Plant	.....
Machinery	.....

Are your buildings fireproof, mill construction or frame?
If several kinds, give investment in each kind as shown by books:

Fireproof buildings	$.....
Mill Construction	.....
Frame Buildings	.....
Tenements—brick	.....
Tenements—frame	.....
Total	$.....

The replies from 236 mills representing 13,500,795 spindles show a total plant investment of $600,656,765. or about $44.50 per spindle.

Of this number, 21 mills, representing 2,348,625 spindles, show a total plant investment of $97,745,203. without presenting any separation between buildings and machinery.

39 mills, representing 1,826,212 spindles, and $91,357,983. total plant valuation, indicated separate valuation for power plant, totalling $7,728,496. In this group the total plant valuation is $50. per spindle and the power plant valuation $4.23 per spindle; thus the latter is 8.5% of the former. If scaled down to correspond to the average total plant valuation per spindle of all mills reporting ($44.50) the average power plant value per spindle would become $3.76.

The foregoing 39 mills report a total machinery value of $47,087,575. including the power plants. Thus the power plant value is seen to be 14.1% of the total machinery value.

EXHIBIT J—*(Continued).*

161 mills showed mill buildings, tenements and machinery separately. These mills represent 7,758,795 spindles. The results of these showings were as follows:—

Mill Buildings	$ 86,049,966.	= $11.08 per spindle
Tenements	50,723,922.	= 6.53 " "
Machinery	219,559,959.	= 28.29 " "
Total	$356,333,847.	= $45.90 per spindle

Most of the other mills, not included in the foregoing paragraph, make a distinction in their accounts between machinery values, and building values, but the extent to which the latter include tenement property in each case, if at all, is unknown.

The number of mills showing any distinction in their machinery accounts, except as to separate showing of power plant values, is negligible.

Question 12. Is your investment as shown by your books based upon—
(Additional)

(a) cost;
(b) cost as to assets acquired after March 1, 1913, and March 1, 1913, value for assets acquired before that date;
(c) some other basis?

If some other basis than cost or March 1, 1913, value is used, explain fully what it is.

Replies to Question 12.

(Additional)

	No. of Mills	%	*No. of Spindles*	%
(a)	185	74.60	9,510,352	66.49
(b)	25	10.08	845,195	5.91
(c)	36	14.52	3,421,728	23.92
(a) and (c)	1	.40	118,876	.83
Mixed	1	.40	408,000	2.85
Not Reporting	*7*	.....	221,462	.....
Totals	255	100.00	14,525,613	100.00

As seen above, two-thirds of the mills base their book values of plant on cost. The remaining practice is scattering, consisting chiefly of appraisal valuation at some given time.

EXHIBIT K.

Replies to Question 13.

Question 13. With respect to the following classes of property, state the percentage of your investment for which a depreciation reserve has already been built up:

Buildings ....%
Power plant ....%
Machinery ....%

(If you do not segregate your investment in buildings, power plant and machinery, bracket the appropriate headings and enter as a single item.)

Replies to Question 13.

	No. of Mills Reporting	*Book Value*	*Amount of Reserve*	*Percent Exhausted*
Entire Plant	86	$234,706,066	$92,504,579	39.4%
Machinery*	120	164,505,510	90,327,011	54.9
Power Plant	22	4,882,476	2,576,139	52.7
All Buildings	109	98,891,253	32,404,311	32.8

*In most cases this includes the power plant.

EXHIBIT L.

Replies to Questions 14 and 15.

Question 14. Is it in your opinion feasible to develop standard depreciation rates that will be fair and equitable as between mills in the cotton textile industry?

Replies to Question 14.

	No. of Mills	*%*	*No. of Spindles*	*%*
Yes	72	30.77	4,116,732	29.73
Yes, with Provisions	5	2.14	529,996	3.83
Doubtful	7	2.99	521,252	3.76
No	150	64.10	8,677,551	62.68
Not Reporting	21	....	680,082	....
TOTALS	255	100.00	14,525,613	100.00

Question 15 (a). Are the depreciation rates (classified or composite) proposed in the enclosed tentative Bureau bulletin satisfactory?

Replies to Question 15 (a).

	No. of Mills	*%*	*No. of Spindles*	*%*
Yes	23	9.87	1,215,476	8.91
Yes, with Exceptions	2	.86	52,322	.38
No	208	89.27	12,372,649	90.71
Not Reporting	22	....	885,166	....
TOTALS	255	100.00	14,525,613	100.00

Question 15 (*b*). If not, in what respects are they unsatisfactory?

Replies to Question 15 (b).

Reasons	*No. of Mills*
Rates too low generally	136
Rates too low on all machinery	45
Standard Rate unjust	20
Insufficient allowance for overtime	19
Rates too low on Spinning machinery	10
" " " " Weaving "	10
" " " " Preparatory "	9
" " " " Frame Buildings & Tenements	9
" " " " Mill Buildings	4

—Other replies scattering—

44 mills mentioned as one reason for their dissatisfaction that they believed the rates would not cover obsolescence.

Question 15 (*c*) Would the amount of depreciation allowable to your Company be increased or decreased as a result of the application to your Company for the year 1929 (or fiscal year ending in 1929) of the rates proposed in the enclosed Bureau Bulletin in lieu of the rates actually used by your Company for tax purposes in that year?

Replies to Question 15 (c).

	No. of Mills	*%*	*No. of Spindles*	*%*
Decreased	208	87.03	11,872,809	85.22
Very little or no difference	12	5.02	606,104	4.35
Increased	9	3.77	475,823	3.42
Decreased on Mchy; same on Bldgs	3	1.25	426,388	3.06
Decreased on Mchy; increased on Bldgs	5	2.09	437,752	3.14
Increased on Mchy; same on Bldgs	1	.42	59,459	.43
Increased on Frame Bldgs; Decreased on Brick Bldgs. & Mchy	1	.42	54,000	.38
Not reporting	16	....	593,278	....
TOTALS	255	100.00	14,525,613	100.00

Question 15 (*c*). State the amount and percentage of such increase or decrease of the depreciation allowable over that computed at the rates used by you.

84 mills representing 5,533,849 spindles reported definite figures as to amount of *decrease* in their annual depreciation charges which would result from the adoption of the proposed rates, these amounts totalling $3,185,078. per year, or 58¢ per spindle year. From the above we have:

Average size of mills replying	65,879 spindles
Average depreciation decrease per mill	$37,918. per year

The only stated increases in depreciation charges were from 3 mills, representing 116,425 spindles, and totalled $38,831. per year, or 33¢ per spindle year.

Average size of mills replying	38,808 spindles
Average depreciation increase per mill	$12,944. per year

163 mills reported a definite percentage of decrease, while 10 mills reported a percentage of increased depreciation with respect to at least a part of their property.

Of 105 mills reporting percentage decreases, the average percentage of expected decrease was about 34%. A similar average for 2 mills reporting increases was 19%.

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